

? logon

\*\*\* It is now 2010/06/23 10:06:10 \*\*\*  
(Dialog time 2010/06/23 09:06:10)

FTEXT1 is set ON as an alias for 15,9,610,810,275,634,471  
FTEXT2 is set ON as an alias for 613,813,636,16,160,621,148,20,624  
FTPAT is set ON as an alias for 348,65  
NFTEXT is set ON as an alias for 35,65,99,2,583,474,475,347,256

? b 9, 15, 16, 148, 160, 275, 610, 20, 624, 621, 636, 613, 634, 813, 608,  
625, 608, 625, 268, 626, 267, 139, 475, 583

```

      23jun10 08:08:40 User290593 Session D73.1
                $0.00      0.253 DialUnits File415
$0.00 Estimated cost File415
$0.82 INTERNET
$0.82 Estimated cost this search
$0.82 Estimated total session cost      0.253 DialUnits

SYSTEM:OS - DIALOG OneSearch
  File 9:Business & Industry(R) Jul/1994-2010/Jun 22
    (c) 2010 Gale/Cengage
  File 15:ABI/Inform(R) 1971-2010/Jun 22
    (c) 2010 ProQuest Info&Learning
  File 16:Gale Group PROMT(R) 1990-2010/Jun 23
    (c) 2010 Gale/Cengage
  File 148:Gale Group Trade & Industry DB 1976-2010/Jun 22
    (c) 2010 Gale/Cengage
*File 148: CURRENT feature not working. See HELP NEWS148.
  File 160:Gale Group PROMT(R) 1972-1989
    (c) 1999 The Gale Group
  File 275:Gale Group Computer DB(TM) 1983-2010/May 13
    (c) 2010 Gale/Cengage
  File 610:Business Wire 1999-2010/Jun 22
    (c) 2010 Business Wire.
*File 610: contains data from 3/99 forward.
For archive data (1986-2/99) see File 810.
  File 20:Dialog Global Reporter 1997-2010/Jun 23
    (c) 2010 Dialog
  File 624:McGraw-Hill Publications 1985-2010/Jun 22
    (c) 2010 McGraw-Hill Co. Inc
  File 621:Gale Group New Prod.Annou.(R) 1985-2010/May 04
    (c) 2010 Gale/Cengage
  File 636:Gale Group Newsletter DB(TM) 1987-2010/Jun 22
    (c) 2010 Gale/Cengage
  File 613:PR Newswire 1999-2010/Jun 23
    (c) 2010 PR Newswire Association Inc
*File 613: File 613 now contains data from 5/99 forward.
Archive data (1987-4/99) is available in File 813.
  File 634:San Jose Mercury Jun 1985-2010/Jun 22
    (c) 2010 San Jose Mercury News
  File 813:PR Newswire 1987-1999/Apr 30
    (c) 1999 PR Newswire Association Inc
*File 813: contains data from 1987-1999.
For current data see File 613.
  File 608:MCT Information Svc. 1992-2010/Jun 23
    (c) 2010 MCT Information Svc.
  File 625:American Banker Publications 1981-2008/Jun 26

```

(c) 2008 American Banker

\*File 625: This file no longer updates.  
Use Newsroom for current records.  
File 268:Banking Info Source 1981-2010/Jun W1  
(c) 2010 ProQuest InfoLearning  
File 626:Bond Buyer Full Text 1981-2008/Jul 07  
(c) 2008 Bond Buyer

\*File 626: This file no longer updates.  
Use NewsRoom for current records.  
File 267:Finance & Banking Newsletters 2008/Sep 29  
(c) 2008 Dialog

\*File 267: no longer updates. Please see  
File 268 or NewsRoom for current content.  
File 139:EconLit 1969-2010/Apr  
(c) 2010 American Economic Association  
File 475:Wall Street Journal Abs 1973-2010/Jun 23  
(c) 2010 The New York Times  
File 583:Gale Group Globalbase(TM) 1986-2002/Dec 13  
(c) 2002 Gale/Cengage

\*File 583: This file is no longer updating as of 12-13-2002.

Set	Items	Description
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? s trad? or execut? or bid? or auction?

[illegible]

Processing  
Processing  
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Processing

```
Processing
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Processing
Processing
Processing
Processed 10 of 22 files ...
Processing
Processed 20 of 22 files ...
Completed processing all files
29001511 TRAD?
31670963 EXECUT?
5615356 BID?
1411138 AUCTION?
$155952609 TRAD? OR EXECUT? OR BID? OR AUCTION?
```

? s order? ? or stock? ? or securit? ? or invest? ? or (financial (N) instrument? ?)

[illegible]

Processing  
Processing  
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```
Processing
Processing
Processing
Processed 10 of 22 files ...
Processing
Processing
Processed 20 of 22 files ...
Completed processing all files
20343868 ORDER? ?
16078017 STOCK? ?
16097392 SECURIT? ?
3633799 INVEST? ?
25879781 FINANCIAL
2708937 INSTRUMENT? ?
173171 FINANCIAL(N) INSTRUMENT? ?
S246009619 ORDER? ? OR STOCK? ? OR SECURIT? ? OR INVEST? ? OR
(FINANCIAL (N) INSTRUMENT? ?)
```

**? s (market (w) participant? ?) or trader? ? or broker? or bidder? ?**

```
Processing
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```
Processing
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Processing
Processed 10 of 22 files ...
Processing
Completed processing all files
36325372 MARKET
3167587 PARTICIPANT? ?
245988 MARKET(W) PARTICIPANT? ?
1488969 TRADER? ?
6407863 BROKER?
703447 BIDDER? ?
S3 8240419 (MARKET (W) PARTICIPANT? ?) OR TRADER? ? OR BROKER? OR
BIDDER? ?
```

**? s identify or identification or identifying**

```
Processing
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```
3820783 IDENTIFY
```

```
1224842 IDENTIFICATION
1094505 IDENTIFYING
S4 5543473 IDENTIFY OR IDENTIFICATION OR IDENTIFYING
```

? s match? (4N) (quote? ? or bid? ? or order? ? or position? ?)

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Processed 10 of 22 files ...
Processing
Completed processing all files
6010964 MATCH?
2525460 QUOTE? ?
4650871 BID? ?
20343868 ORDER? ?
12667763 POSITION? ?
S5 75263 MATCH? (4N) (QUOTE? ? OR BID? ? OR ORDER? ? OR POSITION?
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>>> Retrying request [1]

? s s3 (4N) s4

Processing  
Processing

```
Processing
Processed 10 of 22 files ...
Completed processing all files
8240419 S3
5543473 S4
S6 13867 S3 (4N) S4
```

? s s3 (4N) s4

```
8240419 S3
5543473 S4
S7 13867 S3 (4N) S4
```

? s s6 (s) s5

	13867	S6	
	75263	S5	
S8	20	S6 (S)	S5

 $\int ds$ 

Set	Items	Description
S1	55952609	TRAD? OR EXECUT? OR BID? OR AUCTION?
S2	46009619	ORDER? ? OR STOCK? ? OR SECURIT? ? OR INVEST? ? OR (FINANCIAL (H) INSTRUMENT? ?)
S3	8240419	(MARKET (W) PARTICIPANT? ?) OR TRADER? ? OR BROKER? OR BIDDER? ?
S4	5543473	IDENTIFY OR IDENTIFICATION OR IDENTIFYING
S5	75263	MATCH? (4N) (QUOTE? ? OR BID? ? OR ORDER? ? OR POSITION? ?)
S6	13867	S3 (4N) S4
S7	13867	S3 (4N) S4
S8	20	S6 (S) S5

**? s s1 (s) s2**

[illegible]

[illegible]

[illegible]



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Processed   10 of 22 files ...
Processing
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Processing
```

```
Processed 20 of 22 files ...
Completed processing all files
      55952609 S1
      46009619 S2
      S9 7724925 S1 (S) S2
```

**? s s8 and s9**

20 S8  
7724925 S9  
S10 20 S8 AND S9

```
>>> Retrying request [1]
```

? s s10 not pd>=19990923

[illegible]

## Processing

```
Processing
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Processing
Processing
Processed 10 of 22 files ...
>>>Range processing error. Please check input.
>>>I/O error in file 613
```

? ds

Set	Items	Description
S1	55952609	TRAD? OR EXECUT? OR BID? OR AUCTION?
S2	46009619	ORDER? ? OR STOCK? ? OR SECURIT? ? OR INVEST? ? OR (FINANC- IAL (N) INSTRUMENT? ?)
S3	8240419	(MARKET (W) PARTICIPANT? ?) OR TRADER? ? OR BROKER? OR BID- DER? ?
S4	5543473	IDENTIFY OR IDENTIFICATION OR IDENTIFYING
S5	75263	MATCH? (4N) (QUOTE? ? OR BID? ? OR ORDER? ? OR POSITION? ?)
S6	13867	S3 (4N) S4
S7	13867	S3 (4N) S4
S8	20	S6 (S) S5
S9	7724925	S1 (S) S2
S10	20	S8 AND S9

? t s10/medium,k/all

Dialog eLink:

USPTO Full Text Retrieval Options

10/K/1 (Item 1 from file: 15)

DIALOG(R)File 15: ABI/Inform(R)

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02761337 667654831

**Regulatory Developments for Banks and Thrifts Conducting Trust and  
Fiduciary Activities**

Comizio, V Gerard; Hare, Jeffrey L

Business Lawyer v59n3 pp: 1299-1320

May 2004

ISSN: 0007-6899 Journal Code: BLW

Word Count: 7552

Text:

...the assets they inherit and plan to pass to their heirs. The surge in

the stock market during the late 1990s further expanded the market for trust and asset management services...

...plan accounts, section 529 and Roth IRA education plans due to the proliferation of online trading and discount brokers.<sup>2</sup> This suggests that financial service companies will have increasing opportunities to... Exchange Act defines a fiduciary as an institution acting: (i) in the capacity as trustee, executor, administrator, registrar of stocks and bonds, transfer agent (provided it effects securities transactions on behalf of the issuer, as...

...Regulations, the SEC staff carefully noted that effecting transactions in securities includes more than simply executing trades or forwarding orders to a broker or dealer.<sup>105</sup> Examples of activities that fall within the purview of broker or dealer activities include identifying potential securities purchasers, screening potential purchasers for creditworthiness, soliciting securities transactions, routing or matching orders, handling funds and securities, and preparing and delivering confirmations for completed transactions.<sup>106</sup> All of...

...annual fee; (ii) a percentage of assets under management; (iii) a flat or capped per order processing fee equal to not more than the cost incurred in connection with executing such securities transactions; or (iv) any combination of such fees.<sup>107</sup> This provision imposes a...

...compensation includes: (i) fees for effecting securities transactions that are not flat or capped per order processing fees which equal no more than the cost incurred by the bank or thrift in executing the transaction; (ii) compensation that would be payment for order flow if paid to a broker or dealer; (iii) fees received in connection with a...  
LIABILITY ISSUES

As part of their administrative activities, trust companies are typically required to facilitate stock trading by investors, retirement plans and personal accounts, often aggregating trades for execution in various mutual funds. The potential legal and liability implications of such activities are amply demonstrated by recent Wall Street late trading and market timing scandals.<sup>136</sup>

What is Late Trading? Under the federal securities laws, mutual funds are required to price their shares daily. Nearly all funds do that at 4 P.M., the close of trading on the New York Stock Exchange. By law, all orders to purchase or redeem shares by investors must receive the next calculated price, referred to as "forward pricing." Orders placed after 4 P.M. must get the next day's price. Late trading occurs when an investor places an order after 4 P.M. but receives the per share price calculated as of 4 P.M. that day. Late traders can take advantage of material non-public information in the form of knowledge about developments... subjected to penalties if they did.<sup>138</sup>

On October 29, 2003, in the matter of Security Trust Company, the OCC issued a notice of charges against Security Trust Company ("Security Trust"), one of the largest independent trust and custody companies in the United States, and its controlling shareholders, Capital Management Investors Holding, alleging, among other things, that Security Trust had engaged in unsafe and unsound banking practices, violations of law and breaches of fiduciary duty in permitting and facilitating illegal late trading, market trading, and "piggy backing" of clients' accounts so as to facilitate market timing, in connection with trades of mutual fund shares, otherwise failing to administer fiduciary accounts in accordance with regulatory requirements...

...Further, on November 25, 2003, the SEC filed a complaint in federal district court against Security Trust alleging violations of the federal securities laws in connection with facilitating late trading and market timing by three hedge funds, including Canary Capital Partners.<sup>140</sup> Finally, in November 2003, the New York State Attorney General filed a felony complaint against three of Security Trust's senior officers, alleging grand larceny, fraud, and falsifying business records in connection with late trading activities.<sup>141</sup>

In response to the recent late trading scandals, on December 11, 2003, the ...

10/K/2 (Item 1 from file: 16)  
DIALOG(R)File 16: Gale Group PROMT(R)  
(c) 2010 Gale/Cengage. All rights reserved.

16710428    **Supplier Number:** 222394880 (USE FORMAT 7 FOR FULLTEXT)

**Pivot Expands Liquidity Management Platform to Equity Options Market.**

Business Wire .p NA

March 29 , 2010

**Language:** English    **Record Type:** Fulltext

**Document Type:** Newswire ; Trade

**Word Count:** 570

-

...back office applications, and tick databases.

Growing volumes combined with decimalization, electronic platforms, and smaller order sizes are making it increasingly difficult to locate and execute liquidity in the institutional equity options market. Instant Markets directly addresses this problem by transforming...

...deals more quickly through shared and filtered market data screens that seamlessly integrate with related trading applications while eliminating unnecessary noise. As a result, Instant Markets users find, analyze, and process...

...and responsiveness."

Instant Markets open, standards-based API allows for seamless integration with CRM, risk, trade capture, and execution systems. For equity option brokers and salespeople, that means increased speed and efficiency, leading to...

...Markets eliminates unnecessary searching and rekeying so brokers can focus on personal relationships and matching orders . By creating a focused, shared view of order flow Pivot allows brokerage desks to identify and react quicker to customer orders , match orders faster, and get orders into OMS and trade execution systems with one click.

"Participants in this market have never been able to get their...

10/K/3 (Item 1 from file: 148)  
DIALOG(R)File 148: Gale Group Trade & Industry DB  
(c) 2010 Gale/Cengage. All rights reserved.

0026612912    **Supplier Number:** 222394880 (USE FORMAT 7 OR 9 FOR FULL TEXT )

**Pivot Expands Liquidity Management Platform to Equity Options Market.**

Business Wire , NA  
March 29 , 2010  
**Language:** English  
**Record Type:** Fulltext  
**Word Count:** 570    **Line Count:** 00053

...back office applications, and tick databases.  
Growing volumes combined with decimalization, electronic platforms, and smaller order sizes are making it increasingly difficult to locate and execute liquidity in the institutional equity options market. Instant Markets directly addresses this problem by transforming...  
...deals more quickly through shared and filtered market data screens that seamlessly integrate with related trading applications while eliminating unnecessary noise. As a result, Instant Markets users find, analyze, and process...  
...and responsiveness."  
Instant Markets open, standards-based API allows for seamless integration with CRM, risk, trade capture, and execution systems. For equity option brokers and salespeople, that means increased speed and efficiency, leading to...  
...Markets eliminates unnecessary searching and rekeying so brokers can focus on personal relationships and matching orders . By creating a focused, shared view of order flow Pivot allows brokerage desks to identify and react quicker to customer orders , match orders faster, and get orders into OMS and trade execution systems with one click.  
"Participants in this market have never been able to get their...

10/K/4 (Item 2 from file: 148)  
DIALOG(R)File 148: Gale Group Trade & Industry DB  
(c) 2010 Gale/Cengage. All rights reserved.

0021216895    **Supplier Number:** 150988530 (USE FORMAT 7 OR 9 FOR FULL TEXT )

**International Exchange gets order matching exemption.(Brokerage)(Brief article)**

Compliance Reporter , 13 , 34 , 3(1)  
August 28 , 2006  
**Document Type:** Brief article  
ISSN: 1529-5669  
**Language:** English

**Record Type:** Fulltext

**Word Count:** 265 **Line Count:** 00024

**Text:**

...Securities Exchange does not have to disclose the identities of participants in its proposed equities order matching system. The Securities and Exchange Commission granted the exemption from Rule 10b-10, which contains what is known as the contra-party identification requirement. The rule requires brokers to identify a buyer or seller in a transaction upon request by either party. The exemption was needed for an anonymous order matching system that the ISE will launch with its equity trading facility, ISEstock, said an ISE spokeswoman. ISEstock is currently pending SEC approval, the spokeswoman said. The ISE letter stated anonymous trades are necessary for the matching system to work properly. The exemption is similar to ones...

The SEC also granted a record retention exemption for broker/dealers that execute transactions through ISEstock's matching system. Those B/Ds will not have to retain records...

...ISE letter, there are four scenarios in which it will identify participants, including when participants execute an order against themselves and when required to for legal or regulatory purposes. An SEC spokesman declined...

10/K/5 (Item 1 from file: 275)

DIALOG(R)File 275: Gale Group Computer DB(TM)

(c) 2010 Gale/Cengage. All rights reserved.

01310387 **Supplier Number:** 07701782 (Use Format 7 Or 9 For FULL TEXT)

**Hands-on input shapes bank systems upgrades.**

Arend, Mark

Wall Street Computer Review , v6 , n12 , p12(3)

Sept , 1989

ISSN: 0738-4343

**Language:** ENGLISH **Record Type:** FULLTEXT; ABSTRACT

**Word Count:** 2229 **Line Count:** 00171

**Abstract:** ...Inc, markets systems that address the issues of back office accounting and tracking and updating orders placed with the broker. The systems, Brokerage Accounting System, Trader System, SIS Portfolio Management System and the Order Management System, are not marketed as final solutions to securities processing needs. SIS is gearing...

**Abstract:**

...figure out whether they made or lost a lot of money."

For example, a [bank] trader enters the deal on a real-time order match system with about 185 edits on the front end for ensuring accuracy

during order entry. "This has reduced our cancel rate ratio significantly, almost to the point where that...

...for example, an account number, but the system can't identify that. However, it can identify if the trader is selling the wrong security. For instance, when the trader puts the symbol in, he or she is not selling the Itty Bitty Machine Co...

...IBM, or vice versa. The rep at the other end becomes responsible for putting the order in."

The system then provides the trader and his or her supervisor with an order trail of data relevant to the trade. The order is then executed and a real-time confirmation is printed at the remote site. At this point, too, a tracking report is provided.

"The trader knows what funds are available to him or her at all times and where his or her customers are and what their open orders are in real time," says MacDonald.

The trade then enters the clearance system as a normal trade processed via the CNS (Continuous Net Settlement) method of clearing. BHC trades are cleared through the Philadelphia Clearing Corp. and the Philadelphia Depository. BHC also is a...

...Spase. "Beyond that, we have built some software ourselves that improves our efficiency in the stock-delivery process with the Philadelphia Depository."

Links also are in place between BHC and RIO...

10/K/6 (Item 1 from file: 610)  
DIALOG(R)File 610: Business Wire  
(c) 2010 Business Wire. All rights reserved.

0002618709 11A6415C03B3011DF811080D716727614 (USE FORMAT 7 FOR  
FULLTEXT)  
**Pivot Expands Liquidity Management Platform to Equity Options Market**

Business Wire  
Monday, March 29, 2010 T12:30:00Z  
**Journal Code: BW Language: ENGLISH Record Type: FULLTEXT Document  
Type: NEWSWIRE  
Word Count: 547**

**Text:**

...back office applications, and tick databases.

Growing volumes combined with decimalization, electronic platforms, and smaller order sizes are making it increasingly difficult to locate and execute liquidity in the institutional equity options market. Instant Markets directly addresses this problem by transforming...

...deals more quickly through shared and filtered market data screens that seamlessly integrate with related trading applications while eliminating unnecessary noise.

As a result, Instant Markets users find, analyze, and process...



...and responsiveness."

Instant Markets open, standards-based API allows for seamless integration with CRM, risk, trade capture, and execution systems. For equity option brokers and salespeople, that means increased speed and efficiency, leading to...

...Instant Markets eliminates unnecessary searching and rekeying so brokers can focus on personal relationships and matching orders. By creating a focused, shared view of order flow Pivot allows brokerage desks to identify and react quicker to customer orders, match orders faster, and get orders into OMS and trade execution systems with one click.

"Participants in this market have never been able to get their...

10/K/7 (Item 1 from file: 20)  
DIALOG(R)File 20: Dialog Global Reporter  
(c) 2010 Dialog. All rights reserved.

77797555 (USE FORMAT 7 OR 9 FOR FULLTEXT)  
**Pivot Expands Liquidity Management Platform to Equity Options Market**

BUSINESS WIRE

March 29, 2010

**Journal Code:** BWWE **Language:** English **Record Type:** FULLTEXT

**Word Count:** 511

(USE FORMAT 7 OR 9 FOR FULLTEXT)

-

...back office applications, and tick databases.

Growing volumes combined with decimalization, electronic platforms, and smaller order sizes are making it increasingly difficult to locate and execute liquidity in the institutional equity options market. Instant Markets directly addresses this problem by transforming...

...deals more quickly through shared and filtered market data screens that seamlessly integrate with related trading applications while eliminating unnecessary noise. As a result, Instant Markets users find, analyze, and process...

...and responsiveness."

Instant Markets open, standards-based API allows for seamless integration with CRM, risk, trade capture, and execution systems. For equity option brokers and salespeople, that means increased speed and efficiency, leading to...

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"Participants in this market have never been able to get their...

10/K/8 (Item 2 from file: 20)  
DIALOG(R)File 20: Dialog Global Reporter  
(c) 2010 Dialog. All rights reserved.

46108219 (USE FORMAT 7 OR 9 FOR FULLTEXT)  
**In Brief: Report Details Bidding War for Westcorp**

Paul Davis  
AMERICAN BANKER  
November 01, 2005  
**Journal Code: WAMB Language: English Record Type: FULLTEXT**  
**Word Count: 248**  
**(USE FORMAT 7 OR 9 FOR FULLTEXT)**

...filing said.  
Banco Santander proposed an all-cash offer for a majority of Westcorp's stock to create a privately owned entity, sources said in an article in the Oct. 28 Charlotte Business Journal. The newspaper was unable to identify the third bidder. By late August only Wachovia and Santander remained, the paper reported, with Santander offering \$64 a share in cash and Wachovia matching that with a stock bid. In early September a special committee of Westcorp's board of directors "determined that the execution risk of the Wachovia proposal was much less significant" than the opposing proposal, the filing...

10/K/9 (Item 3 from file: 20)  
DIALOG(R)File 20: Dialog Global Reporter  
(c) 2010 Dialog. All rights reserved.

42495977  
**Turbulent Times, Fast Databases: Fast markets, fat pipes, spilt-second decisions: Sometimes you have to run as fast as you can just to stay where you are**

Michael Cohn Technology Correspondent  
SECURITIES INDUSTRY NEWS  
May 23, 2005  
**Journal Code: TSIN Language: English Record Type: FULLTEXT**  
**Word Count: 1476**

-  
Blame the inexorable rise of program trading, or the hedge funds that are pushing their prime brokers and trading platforms to the limit, or just the millisecond-measured pace of modern securities markets: Transaction...

...new products and systems, but there are still plenty of relational

database programs and other traditional architectures that need rethinking, if not replacing. Among the most recent developments, Standard & Poor's...

...day, with the terms and conditions data for municipal as well as corporate securities for trade clearance, settlement and analytics," says Mary Rose Carosia, director of information services with Standard & Poor...

...G-34 for real-time transaction reporting, which require dealers to submit all their municipal trades within 15 minutes. Clients can take the information from the feed into their front- and back-office operations and use it for downstream functions like security master file setup and support for client statements. "They can use that information throughout the...

...the ultimate obligor is." FlexTrade Systems, already well acquainted with real-time demands as a trading system vendor to hedge funds, early this month will be announcing FastSimulator for clients of its algorithmic trading platform. The tool will enable rapid testing of portfolio trading strategies using tick data, so traders can simulate quantitative and algorithmic strategies at high speeds. "The main focus is to simulate and test trading strategies," says Vijay Kedia, president of FlexTrade. "Many of the customers want to make sure that their trading strategies work using historical data. They don't want to rewrite them or do back...

...my models tick by tick when going back in time," says Gajender Singh, director of trading at the Oak Group. "We didn't have any alternative systems to back test our...

...two months with FastSimulator, the Oak Group has been able to save time by preprocessing trades. "I can run through a preprocessing program that cleans out the ticks I don't...

...to do an entire day." In late April, SunGard Data Systems launched its Fame Exchange Traded Funds data offering, which provides enriched current-day and historical ETF data. SunGard also added...

...information about the end-of-day funds and storing the funds electronically," says Janet Crowley, executive vice president of SunGard's Fame finance and market data services unit. "We have a...

...was the theme of the April 27 release of MicroHedge Risk Manager, which gives head traders and risk managers a comprehensive, aggregate view of portfolio risks across multiple traders and hundreds of positions. As a result of Penson Worldwide's January acquisition of high...

...of equity and futures data in real time. In February, Nexa introduced Spinnaker, an automated trading service that combines several other Nexa products, including OmniPro's direct access trading application, FastPath's FIX Gateway, and TickStream's direct market data feed. In mid-April, Kx Systems introduced kdb+to, an application that enables traders to test their algorithms by replaying historical ticks to see if their algorithms would produce...

...including flat files, as well as with kdb+taq, a fast loader of New York Stock Exchange trade and quote data into the kdb+ database. "Kdb+to takes your historical data and beams...says Garland. "You used to be able to manage most of the data with a traditional database. In the last two years, the data has exploded so much, you need something...

...different way. "You can go back and fine-tune your algorithm," says

Garland. "With a traditional system, you would have to run it overnight. It's a totally different way of...

...industry, you need to have access very quickly to all the reference data to validate trades and pass it along to middle- and back-office systems," says Tim Shetler, vice president...

...loaded up at the start of the day with static reference data, and then does trade order matching and portfolio valuations. Those things need to be done in real time. TimesTen sits in the middle and captures the market data and trade orders in real time to get the best execution times." Velocity from Vhayu Technologies enables firms to develop applications that require a high-frequency data store for pre-trade analysis, market sweeping for best execution, and real-time compliance. The system enables users to build and test complex algorithmic trading strategies and conduct transaction cost analysis. Says Shanti Dev, president of Vhayu: "Our platform allows...

...The broker-dealers, hedge funds, and exchanges are dealing with very large volumes of data. Traders can identify a trend faster than anybody else, take action and get a competitive advantage." Universities are...

10/K/10 (Item 4 from file: 20)

DIALOG(R)File 20: Dialog Global Reporter

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37903704

### **PNB Offers New Loan Scheme For Farmers**

#### **FINANCIAL EXPRESS**

September 20, 2004

**Journal Code: WFEX Language: English Record Type: FULLTEXT**

**Word Count: 625**

-

Punjab National Bank (PNB) has launched a scheme for farmers and traders to obtain finance against warehouse receipts. The scheme has been launched in collaboration with Ahmedabad...

...Exchange of India (NMCE) and Central Warehousing Corporation (CWC). Under the scheme, a farmer or trader shall deposit the agricultural and other commodities with CWC and obtain a warehouse receipt, stating the quantity and quality of the deposited commodities. The farmer or trader thereafter shall enter into forward sales contract with NMCEs members or brokers who in turn will place the client order from his terminal in NMCEs computer system. For obtaining the loan, below prime lending rate...

...will be charged if the loan amount exceeds Rs 2 lakh. A farmer or a trader can get loans ranging from Rs 50,000 to Rs 1 crore, with margin money...

...four branches - New Delhi, Kottayam, Kochi and Kozhikode - to extend demand loans to farmers and traders when they present CWC negotiable warehouse receipts. The receipts usually certifies the quantity, quality

and...

...in bringing down the indebtedness of the marginal farmers". According to the scheme, a farmer/ trader shall deposit the agricultural and other commodities with CWC and obtain a warehouse receipt, which certifies the quantity and quality of the deposited commodity. The farmer/ trader thereafter shall enter into Forward Sale Contract with NMCEs member/broker who in turn will place the client order from his terminal in NMCEs computer system. NMCE, after verifying details of the client and the validity of warehouse receipt, will allocate a separate client identification number, for the farmer/ trader if he wants to avail finance from PNB. Upon receiving the brokers order incorporating the client identification number, NMCE system will create an order ID with time stamp, and a trade will be executed on matching with the opposite order, which becomes a forward sale contract. Printed from the members computer, the forward sale contract will be given to the seller ie, farmer/ trader who along with the warehouse receipt can approach PNB Branch for the purpose of availing...

...of interest and run into indebtedness. It will also provide greater impetus to farmers and traders to trade on NMCE, whose delivery is backed by sound and reliable warehouse receipt system, which has...

10/K/11 (Item 5 from file: 20)  
DIALOG(R)File 20: Dialog Global Reporter  
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37023672 (USE FORMAT 7 OR 9 FOR FULLTEXT)  
**Better tech can help fight VAT fraud**

**MPs urge combined C&E and Inland Revenue to improve data matching**

NEWSWIRE (VNU)  
August 02, 2004  
**Journal Code: WNEW Language: English Record Type: FULLTEXT**  
**Word Count: 221**  
(USE FORMAT 7 OR 9 FOR FULLTEXT)

...to take advantage of the merger with the Inland Revenue to improve data matching in order to identify traders in the shadow economy," said Edward Leigh MP, chairman of the Public Accounts Committee.  
Leigh...

10/K/12 (Item 1 from file: 624)  
DIALOG(R)File 624: McGraw-Hill Publications  
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01005616  
WITH CONDITIONS, FERC ACCEPTS NEW CAPACITY-AUCTION SCHEME FOR MRT  
Inside FERC, Vol. 242, No. 15, Pg 7

March 22, 1999  
JOURNAL CODE: FERC  
SECTION HEADING: PIPELINE RATES ISSN: 0-163-948X  
WORD COUNT: 575

TEXT:

...disclosure of bids and bidders.

In making the call on the related elements of the auction scheme, the commission made clear that its determinations "will not serve as a precedent" for...  
... have no prejudicial effect on the parties' positions" in the rulemaking, added the March 16 order .

While agreeing to establish a reserve price below the maximum transportation rate, MRT insisted that...

... rejected a provision that would have given a single, large shipper an exclusive right to match aggregated bids ; agreed that MRT must post the identity of winning bidders but not information identifying all bidders and the amounts offered; agreed with MRT that bidders should be permitted to withdraw bids...

10/K/13 (Item 2 from file: 624)  
DIALOG(R)File 624: McGraw-Hill Publications  
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0122092  
LONDON FOX TO MARKEDLY UPGRADE ITS ELECTRONIC TRADING SYSTEM IN  
MAY  
Securities Week, Pg 7  
April 10, 1989  
JOURNAL CODE: SW  
SECTION HEADING: Financial Futures/Commodities Report ISSN: 0149-3582  
WORD COUNT: 527

TEXT:

...ATS has had no downtime after almost 3,000 hours of operation. ATS is an order - matching system, which displays information in lines. It provides the opening price, the high, low and current best bid and offer, as well as the badge identifying the traders making the market, said an

official. Each broker's screen displays his bid and offer that is nearest to the market. The system handles a number of order types, such as good for day, good 'til canceled, fill or kill, at-the-market...

10/K/14 (Item 1 from file: 621)  
DIALOG(R)File 621: Gale Group New Prod.Annou.(R)  
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06027233 **Supplier Number: 222394880 (USE FORMAT 7 FOR FULLTEXT)**  
**Pivot Expands Liquidity Management Platform to Equity Options Market.**

Business Wire , p NA  
March 29 , 2010  
**Language:** English **Record Type:** Fulltext  
**Document Type:** Newswire ; Trade  
**Word Count:** 570  
-

...back office applications, and tick databases.

Growing volumes combined with decimalization, electronic platforms, and smaller order sizes are making it increasingly difficult to locate and execute liquidity in the institutional equity options market. Instant Markets directly addresses this problem by transforming...

...deals more quickly through shared and filtered market data screens that seamlessly integrate with related trading applications while eliminating unnecessary noise. As a result, Instant Markets users find, analyze, and process...

...and responsiveness."

Instant Markets open, standards-based API allows for seamless integration with CRM, risk, trade capture, and execution systems. For equity option brokers and salespeople, that means increased speed and efficiency, leading to...

...Instant Markets eliminates unnecessary searching and rekeying so brokers can focus on personal relationships and matching orders. By creating a focused, shared view of order flow Pivot allows brokerage desks to identify and react quicker to customer orders, match orders faster, and get orders into OMS and trade execution systems with one click.

"Participants in this market have never been able to get their...

10/K/15 (Item 1 from file: 613)  
DIALOG(R)File 613: PR Newswire  
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00976585 20030506NYTU002 (USE FORMAT 7 FOR FULLTEXT)

## ADP/SIS Enhances Broker Productivity With New Sales Tools

PR Newswire

Tuesday, May 6, 2003 08:30 EDT

**Journal Code: PR Language: ENGLISH Record Type: FULLTEXT Document**

**Type: NEWSWIRE**

**Word Count: 637**

### Text:

...broker desktop application. The POSSE 4.7 release features powerful new prospecting tools that sales executives can use

to project clients' future income and develop new business.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20021125/NYM018LOGO> )

The new real-time Money Line function helps brokers spot sales opportunities by identifying clients with a specific net equity, cash on hand, or trading power. The Future Income projection tool aids sales executives in forecasting clients' projected cash flow from current investments. This tool can be used in...

...with FT Interactive Data.

Pricing is available in standalone mode or integrated into POSSE's order entry process. Brokers can also reprice entire client portfolios to obtain up-to-the-second account valuations.

The new Stock and Money Due feature in POSSE 4.7 helps brokers and firms manage commitments for cash and margin accounts. A new security symbol lookup is now available, allowing brokers to analyze a stock or a classification of securities that interests them.

Joseph Romano, president of Romano Brothers said, "Money Line is an excellent prospecting tool that helps us match clients in cash positions with quality fixed-income securities or equities. Our brokers and clients are especially enthused about..."

...of POSSE takes on a new dimension with this release.

POSSE 4.7 accelerates a broker's ability to identify sales opportunities and respond quickly. POSSE can boost a broker's production and provide the...

...competitive marketplace." The POSSE(SM) product is designed with the productivity needs of the sales executive in mind: quick, real-time access to client and product information, portfolio charts and reports, real-time tax lot accounting, sales and commission calculation tools, and easy order entry.

It is fully integrated with ADP/SIS's flagship order entry, fixed income offering and back office accounting applications. POSSE's browser-based architecture eliminates...

...serving full-service, discount and electronic-based retail brokerages, as well as correspondent clearing, day



trading , regional broker dealers, banks and institutional firms. For more information about ADP/SIS, please visit...

10/K/16 (Item 1 from file: 268)  
DIALOG(R)File 268: Banking Info Source  
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00535413 1497400181 (USE FORMAT 7 OR 9 FOR FULLTEXT)

**Working smarter and harder**

Salmon, Ian

Banking Technology , p 50 , May 2008

**CODEN:** BATEEM **Document Type:** Periodical; Commentary **ISSN:** 0266-0865

**Journal Code:** BBNT **Language:** English **Record Type:** Abstract

**Classification:** 9175 (CN=Western Europe); 8100 (CN=Financial services industry); 5240 (CN=Software & systems); 3400 (CN=Investment analysis & personal finance)

**Descriptors:** Bank automation; Liquidity; Competitive advantage; Brokers; Securities trading

**Geographic Names:** United Kingdom--UK

**PRINT MEDIA ID:** 10593

**Abstract:**

The advent of the MiFID best execution requirements calls for financial institutions to define an execution policy that explores a variety of trading venues in search of liquidity and best prices. This provides additional scope for firms to...

...competitive advantage. The technology that will facilitate MiFID compliance and enable competitive advantage is smart order routing (SOR), an automated means for brokers to identify liquidity and match orders with suitable trading venues. One advantage of SOR technology for all brokers is that it enables arbitrage across multiple venues. Furthermore, with SOR, brokers can optimize trade performance across all types of flow -- from algorithmic flow to the posting of resting liquidity ...

10/K/17 (Item 2 from file: 268)  
DIALOG(R)File 268: Banking Info Source  
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00491068 922913781 (USE FORMAT 7 OR 9 FOR FULLTEXT)

**In Brief: Report Details Bidding War for Westcorp**

Davis, Paul

American Banker , v 170 , n 210 , p 18 , Nov 1, 2005 **Document Type:**

Newspaper article; News **ISSN:** 0002-7561 **Journal Code:** AB **Language:**

English **Record Type:** Abstract

**COMPANY NAMES:** Wachovia Corp, DUNS:04-636-3107, Ticker:WB,  
NAICS:522110;551111

Westcorp Inc, DUNS:07-875-0338, Ticker:WES, NAICS:551111

**Descriptors:** Bank acquisitions & mergers

**PRINT MEDIA ID:** 15672

**Abstract:**

Banco Santander proposed an all-cash offer for a majority of Westcorp's stock to create a privately owned entity, sources said in an article in the Oct. 28 Charlotte Business Journal. The newspaper was unable to identify the third bidder. By late August only Wachovia and Santander remained, the paper reported, with Santander offering \$64 a share in cash and Wachovia matching that with a stock bid.

10/K/18 (Item 1 from file: 267)

DIALOG(R)File 267: Finance & Banking Newsletters

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04628381

**MiFID: The Continental Shift in Markets: Combined with NMS, law is a double whammy for multinational firms - Last of a series**

Chris Kentouris

Security Industry News

April 3, 2006 **Document Type:** NEWSLETTER

**Publisher:** SECURITIES DATA PUBLISHING

**Language:** ENGLISH **Word Count:** 2361 **Record Type:** FULLTEXT

(c) SECURITIES DATA PUBLISHING All Rts. Reserv.

**Company Names (DIALOG Generated):** BIC ; BT Radianz ; Charles River Development ; Committee of European Securities Regulators ; European Commission ; Exchange Commission ; Fortis ; FIX Protocol Ltd ; Gartmore Investment Management ; Industry ; Instinet ; International Organization for Standardization ; IT ; MiFID ; Royalblue ; Securities Industry News ; Swift ; Telekurs Financial ; Web

**Text:**

...institutions and market centers. But the parallels pretty much end there. MiFID--the Markets in Financial Instruments Directive--is more of a reinvention, with cross-border and even global repercussions beyond anything...

...in April 2004, left too many open questions on how to meet pre- and post-trade requirements for best execution.

MiFID's broad objective is to lower national and competitive barriers as well as costs...

...advent of the euro in January 1999. Besides unifying policy, it seeks to

end the trading monopolies of local exchanges by creating a new category of financial intermediary known as "systematic internalizers." This designation lets firms cross orders against proprietary positions internally instead of having to execute them through a regulated market.

Banks, brokerages and fund managers face a compliance nightmare in addressing the EC's criteria for "best execution." They will need to revamp their front, middle and back offices with an eye also...

...must now pick up the momentum. Most buy-side firms are still looking to their executing banks and brokers for guidance, while some of the largest U.K. fund managers are...

...will require clients of buy-side firms to ask a lot more questions about their trading efficiencies. "They will want to know what systems are in place," he says. "If the..."

...Option

For some buy-side firms, the answer might just be to siphon off their trading to a third party such as Instinet. "There are a lot of small-to-midsized..."

...the responsibility of the fund manager, outsourcing service Instinet Alpha will do everything from sweeping trade - execution venues to filing trade and transaction reports and generating client statements.

None of a dozen sell-side firms contacted...

...of industry relations at BT Radianz and chair of the MiFID joint working group, a trade organization overseeing six committees that are addressing the relevant compliance issues. "Compliance departments weren't..."

...says.

Belgian-Dutch financial giant Fortis has five working committees to address MiFID: compliance; best execution and client order handling; client classification; recordkeeping and transaction reporting; and internalization. A separate task force overlooking and coordinating bank-wide implementation of MiFID reports to an executive committee.

At Frankfurt's Dresdner Kleinwort Wasserstein (DKW), what started off as a pure technology...

...IT expenditures for MiFID to be in front-office systems because firms in meeting best-execution requirements must take into account price, cost, speed and likelihood of execution and settlement; they cannot simply check off boxes on a laundry list. Among the most popular purchases, says Boston-based research firm Celent, are pre- and post-trade cost analysis tools that allow firms to analyze the liquidity, price and likely market impact of trading a particular order in a particular venue. Order management, direct-market access, smart-order routing and trade-execution systems will also be needed to ensure that orders are executed as quickly as possible and at the right place.

SI Burdens

The new class of...

...it will not.

"Few firms will want to take on another alternative--becoming a multilateral trading facility [MTF]--because even though there are fewer requirements for disclosing prices, the costs are..."

...drive a firm's technology expenditures. "We have to determine which products we want to trade in which branch office and whether we need as many or more branch offices," says...

...will take place during the fourth quarter of this year, into 2007.

Regardless of the trading model a firm selects, it will still need to deal with cumbersome recordkeeping procedures. "MiFID...

...to establish a policy, and as part of that policy you have to select the execution venues that you think will offer your client the best possible result on a consistent...

...About half of my client base will need to be reclassified," says a data management executive at a major U.S. bank. "Even the U.K.'s three classifications--retail, intermediate...

...stems from the anticipated exponential growth in data traffic generated by the greater number of trading venues and slicing of orders in electronic execution platforms, direct-market access systems and algorithmic models. "We have rearchitected our platform to allow for real-time prices to enter directly into our trading blotter instead of on a separate screen," says Lee Adams, business development manager for order management systems provider Charles River Development in London.

A new breed of servicer--data aggregators providing feeds to vendors and regulators--may be the answer. Trades in over-the-counter stock transactions must be published within three minutes to any end-investor, and transactions in all...

...MTFs and other third parties. Although exchanges could serve as data aggregators, data vendors and trade - execution platforms are now gearing up to provide such solutions.

"We are studying how to collect...

...to collect the data from exchanges, but far more difficult from systematic internalizers and multilateral trading facilities," says Fumeaux. "We have not decided whether we want to become a data aggregator ...

...which countries."

Says Ian Salmon, senior consultant in charge of MiFID compliance at London-based trading systems company Royalblue, "We are evaluating whether to be a data aggregator and publish pre- trade and post- trade prices from systematic internalizers and multilateral trading facilities." Royalblue, which sells the Fidessa order management system, has seen increased interest from potential SIs in licensing its internal matching engine and autoquote ( quote -publishing) modules. Royalblue will adapt the European version of Fidessa, which incorporates smart- order routing, to sweep trade venues for the best price, as does the U.S. product.

Though it is too...

...benefit: The Committee of European Securities Regulators is asking for industry input on what formats trading and transaction reports should take and how securities and counterparties should be identified. "There needs...

...of work."

Standards Questions

While it is likely that FIX messages would be used for trade execution , FIX and Swift officials say that each of their message types will accommodate any MiFID...

...has already issued a total of 100,000 market identifier codes (MICs) and, for counterparty identification , broker identification codes (BICs). Although international securities identification numbers (ISINs) and BICs are commonly used to designate...

...a national numbering agency in the country of the issuer--does not indicate where a security is listed, and the BIC cannot clearly specify

whether a firm is an SI, MTF...

10/K/19 (Item 2 from file: 267)  
DIALOG(R)File 267: Finance & Banking Newsletters  
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04619511

**Turbulent Times, Fast Databases: Fast markets, fat pipes, split-second decisions: Sometimes you have to run as fast as you can just to stay where you are**

Michael Cohn  
Security Industry News  
May 2, 2005 **Document Type:** NEWSLETTER  
**Publisher:** SECURITIES DATA PUBLISHING  
**Language:** ENGLISH **Word Count:** 1503 **Record Type:** FULLTEXT

(c) SECURITIES DATA PUBLISHING All Rts. Reserv.

**Company Names (DIALOG Generated):** Clearing Corp ; Depository Trust ; Fame Exchange ; FlexTrade Systems ; Kx Systems ; New York Stock Exchange ; Nexa Technologies ; Oak Group ; Penson Worldwide ; Securities Evaluations ; Standard & Poor's Securities ; SunGard Data Systems ; University ; Tick Data ; TimesTen ; University of Virginia ; Vhayu Technologies

**Text:**

Blame the inexorable rise of program trading , or the hedge funds that are pushing their prime brokers and trading platforms to the limit, or just the millisecond-measured pace of modern securities markets: Transaction...

...new products and systems, but there are still plenty of relational database programs and other traditional architectures that need rethinking, if not replacing.

Among the most recent developments, Standard & Poor's...  
...day, with the terms and conditions data for municipal as well as corporate securities for trade clearance, settlement and analytics," says Mary Rose Carosia, director of information services with Standard & Poor...

...G-34 for real-time transaction reporting, which require dealers to submit all their municipal trades within 15 minutes. Clients can take the information from the feed into their front- and back-office operations and use it for downstream functions like security master file setup and support for client statements.

"They can use that information throughout the...

...the ultimate obligor is."

FlexTrade Systems, already well acquainted with real-time demands as a trading system vendor to hedge funds, early this month will be announcing

FastSimulator for clients of its algorithmic trading platform. The tool will enable rapid testing of portfolio trading strategies using tick data, so traders can simulate quantitative and algorithmic strategies at high speeds.

"The main focus is to simulate and test trading strategies," says Vijay Kedia, president of FlexTrade. "Many of the customers want to make sure that their trading strategies work using historical data. They don't want to rewrite them or do back..."

...my models tick by tick when going back in time," says Gajender Singh, director of trading at the Oak Group. "We didn't have any alternative systems to back test our..."

...two months with FastSimulator, the Oak Group has been able to save time by preprocessing trades. "I can run through a preprocessing program that cleans out the ticks I don't..."

...to do an entire day."

In late April, SunGard Data Systems launched its Fame Exchange Traded Funds data offering, which provides enriched current-day and historical ETF data. SunGard also added...

...information about the end-of-day funds and storing the funds electronically," says Janet Crowley, executive vice president of SunGard's Fame finance and market data services unit. "We have a..."

...was the theme of the April 27 release of MicroHedge Risk Manager, which gives head traders and risk managers a comprehensive, aggregate view of portfolio risks across multiple traders and hundreds of positions.

As a result of Penson Worldwide's January acquisition of high...

...of equity and futures data in real time. In February, Nexa introduced Spinnaker, an automated trading service that combines several other Nexa products, including OmniPro's direct access trading application, FastPath's FIX Gateway, and TickStream's direct market data feed.

In mid-April, Kx Systems introduced kdb+toW, an application that enables traders to test their algorithms by replaying historical ticks to see if their algorithms would produce...

...including flat files, as well as with kdb+taq, a fast loader of New York Stock Exchange trade and quote data into the kdb+ database.

"Kdb+toW takes your historical data and beams..."

...says Garland. "You used to be able to manage most of the data with a traditional database. In the last two years, the data has exploded so much, you need something..."

...different way. "You can go back and fine-tune your algorithm," says Garland. "With a traditional system, you would have to run it overnight. It's a totally different way of..."

...industry, you need to have access very quickly to all the reference data to validate trades and pass it along to middle- and back-office systems," says Tim Shetler, vice president...

...loaded up at the start of the day with static reference data, and then does trade order matching and portfolio valuations. Those things need to be done in real time. TimesTen sits in the middle and captures the market data and trade orders in real time to get the best execution times."

Velocity from Vhayu Technologies enables firms to develop applications that require a high-frequency data store for pre-trade analysis, market sweeping for best execution, and real-time compliance. The system enables

users to build and test complex algorithmic trading strategies and conduct transaction cost analysis.

Says Shanti Dev, president of Vhayu: "Our platform allows...

...The broker-dealers, hedge funds, and exchanges are dealing with very large volumes of data. Traders can identify a trend faster than anybody else, take action and get a competitive advantage."

Universities are...

10/K/20 (Item 3 from file: 267)

DIALOG(R)File 267: Finance & Banking Newsletters

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04544898

### **European Equities, The great equity rebalancing act**

Euromoney Magazine

January 10, 1999 **Page:** 33, 038 **Document Type:** NEWSLETTER

**Publisher:** EUROMONEY ELECTRONIC PUBLICATIONS

**Language:** ENGLISH **Word Count:** 4109 **Record Type:** FULLTEXT

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**Company Names (DIALOG Generated):** Banque ; Continental ; Credit Suisse Financial Products ; OTC ; S & P500 ; Salomon Smith

### **Text:**

...longer limited to holding domestic equities. But how do you go about swapping a national stock portfolio for an Emu-wide one? You can't just call your broker and sell...

...that can provide exposure quickly and simply. Or you can speak to the specialist portfolio traders - the guys who have quietly spent the last couple of years installing computer systems to process huge order volumes. Peter Lee reports.

For almost a year, European equity brokers have been swapping theories...

...share portfolios across Europe. Former domestic investors, once constrained by currency-matching rules to buying stocks listed in their own countries, are now liberalized by the euro and are seeking pan...

...years of the single currency, running to many hundreds of billions of dollars-worth of stock.

As the launch of the euro has approached, some brokers have been disappointed to see...

...the various ways investors might choose to make this leap. Will it be through cash trading or derivatives? Will there be slow flows of new money or speedy wholesale shifts? And they have cursed the wrenching stock market falls of September and October, which led many investors to delay rebalancings.

Most prosaic of all, regulations forbidding institutions from shifting significant proportions of assets into foreign stocks will remain until the euro finally exists. "I had thought that most institutions would have...investors are already making their moves. "We've done north of 20 of these transition trades, all of different sizes, where an asset holder moves from a local to an Emu mandate," says Thomas Levy, who runs the portfolio trading desk at Morgan Stanley Dean Witter. "As to what has been done so far as...

...No single formula

"Continental clients are definitely diversifying," says Jennifer Berg, global head of portfolio trading at Warburg Dillon Read. "These clients are sophisticated and prepare and execute their trades in a variety of ways. There's no single formula - we see everything from multiple...

...another firm \$50 million the next week, tranching it out and being secretive," says a trader. "And they're probably right to be. When you are dealing in billions of dollars...time, and typically buying medium-term principal-guaranteed bonds with pay-outs linked to European stock market performance. By contrast, most large institutional investors that have rebalanced to date have headed...

...that rather obscure corner of the major European equity firm's dealing room: the portfolio trading desk.

Portfolio trading has been an established business in Europe for at least 10 years. It was especially...

...years with UK fund managers, and with passive and quantitative investors, as a way of executing large asset-allocation shifts efficiently. In recent years it has become popular even with active...

...the first task of reorienting an old portfolio towards a new mandate. More recently, portfolio trading has become more widely used Europe-wide. And in the past two years many equity firms have poured resources into building portfolio trading desks.

But the business is still often misunderstood. It is not a big-principal-risk business like block trading, with which it is sometimes confused. The latter is where traders take on big lines of single stocks, trusting to their market feel to sell them on for a quick turn. Portfolio trading is a process-intensive business in which banks are more concerned about systems capacity than...

...portfolio to a new pan-European portfolio, contacts a few dealers to invite them to execute the change. Sometimes major firms will be involved even earlier in the



process, advising clients on pan-European benchmark to move to and therefore what stocks to buy. But most investors dealing in advance of the single currency are smart and...

...to popular wisdom, they are not all moving solely into the handful of large-cap stocks that dominate the new narrow Emu benchmarks. "We have many clients who have tailored their...

...well known corporate names.

The investor supplies basic information about the number and nationality of stocks in the existing sell portfolio and the desired buy portfolio. It might also give some liquidity information as to the mix of liquid blue-chip stocks and more obscure names, and an indication of the prevalence of large positions in individual companies, measured as a ratio of the average daily volume in a given stock. Investors that have built domestic portfolios over decades can have large and potentially illiquid positions, even in big-cap stocks.

Typically, the investor does not at this stage reveal the precise portfolio contents. No sensible...

...major dealers to know all its portfolio positions when only one will be chosen to execute the transition. Brokers will offer to execute the whole buy-and-sell transition either as principals or, more commonly, on an agency...

...is appointed, the investor supplies an exact list of held positions and desired positions. The broker checks for identification errors, matches positions held in the existing domestic portfolio that will fit into the new pan-Europe portfolio...

...swap deal reports electronically. "The advantage for an investor in doing this through a portfolio trade is efficiency, risk control and economy of scale," says Levy at Morgan Stanley. "But transition trades involving large numbers of stocks in several countries, and even time zones, executed over several days, with perhaps thousands of individual deal tickets, are complex. For a complex trade, even one that doesn't need a lot of technology build-up at the client site, we like an appropriately extensive period of pre-trade planning, administration and analytics." That can be seven business days.

What takes so long? For a start, few clients can even remotely match the trade-processing capabilities of a major dealing firm. Even in the modern world of centralized dealing...

...where buy-side dealers are measured and paid according to the efficiency with which they execute fund manager's orders, processing capacity can be strained by a transition portfolio trade. A client that is used to processing 20 deal tickets on a busy day might...

...faced with processing 1,000 a day for four or five days running. Some portfolio traders will go to the extent of temporarily installing whole systems, or at least PC hook-ups, for clients to execute

such volumes. Working around such capacity constraints often requires close coordination between all parties. This...

...a passive manager, an active manager and one or two specialists perhaps in small-cap stocks ) and the client's custodians.

Levy recalls executing one large portfolio trade in three days, but taking 20 days on a smaller trade in which the client declined any temporary outside enhancements of its dealing systems. By ...large, it is this very lack of deal-processing capacity that pushes institutions into portfolio trades. They send entire portfolios on a single electronic file to a broker to buy and...

...community and strike thousands of separate bargains.

Then there is analysis of individual positions. Portfolio traders can quickly home in on positions that are going to be hard to shift without...

...to coordinate this closely with buying, so as not to risk being out of the stock markets and long of cash for any significant period and risk missing a broad market upturn. The client and portfolio trader may have to coordinate cash flows between endless counterparties. Whatever markets the portfolio trader seeks to execute the deal in, it has to bear in mind such balancing constraints. "A lot of...

...the buy and sell portfolios badly out of balance."

If half the value of portfolio trades to investors is operational simplicity, the other half is quality of execution: that is, selling out at a decent price and buying into the new portfolio without overpaying. There are two main avenues for brokers to execute portfolio trades. One is through the firm's mainstream sales and trading desks, working the orders as the firm would any normal business. Often this is done electronically through central order books on exchanges. The second, and often preferred, method for portfolio trading firms is to cross deals internally.

This is the holy grail for many large dealing...

...capture so much business that when a client in Europe wants to sell a domestic stock as part of a portfolio trade, the firm will have another client - perhaps in America or Asia - that wants to buy it. By generating these orders and matching them internally, a big equities broker operates almost like a mini-stock exchange.

The trick for the broker is to develop sufficiently sophisticated systems for the portfolio traders to capture the internal crosses. "Don't underestimate the technology aspect of portfolio trading," says Mark Hobbs, managing director at Salomon Smith Barney. "Any firm entering this business has...the first year-and-a-half building our systems." He adds: "Clients who do portfolio trades are basically renting our trading systems." Conventional equity trading desks measure themselves by the number and quality of their analysts, traders and salesmen;

portfolio trading desks tend to have star software programmers. Salomon Smith Barney has developed an automated system for executing trades in small-cap stocks and emerging markets by contacting local brokers directly. It's a Netscape application that allows trade instructions and reports to flow back into its own system electronically.

Big portfolio trades , of over \$1 billion, with buy and sell portfolios across many countries, can take...

...electronically. There may be moments for close negotiation between the asset holder and the firm executing the portfolio trade , especially over shifting illiquid positions. If a client has a large line of a particular stock to sell, working the order through the market may not be the best tactic. "If you try to do a...

...to look for another way out. "If the broker can access liquidity to complement the execution of a lumpy position at a discount to the prevailing market price, that may be...  
...asset holder.

It may also be a test for the firm's own in-house traders , to see if they might position a large line of stock as principal risk at a negotiated discount, in the expectation of placing it sooner or later at a profit. "As with any sophisticated client, these trades are being done on both a principal and agency basis as well as a hybrid of the two," says Berg. So a headline-grabbing block trade may be just part of a larger portfolio switch.

The portfolio trading business in Europe has only recently shifted broadly to being an agency business as it is in the US. In Europe, UK-investing clients have been big portfolio traders and many have asked firms to bid for deals as principals. Equity firms trying to break into the business have often done...

...market volatility has raised the risk, and so the cost of doing such complex portfolio trades as bought deals. Agency business now predominates.

The fees charged are incredibly low: usually less...

...more than 2bp or 3bp. Some brokers complain that aspiring new entrants have offered to execute portfolio trades for no fee at all. This has led to concern among brokers, investors and regulators that unscrupulous firms are taking a hidden turn out of portfolio trades . Asset holders have to look at two costs. First the very visible fee for doing the trade , and second - harder to analyse while often far more significant - the quality of price execution . The best way to measure how well brokers have really performed is to analyze the...

...positions have been sold and bought against the volume-weighted average price for each specific stock over the period in which the deal is executed . Portfolio traders will typically provide post-trade reports and analysis on how and why clients may have moved the markets against themselves in executing trades . Such adverse market impact can amount to a much higher hidden cost than the actual fee for doing the trade . The leading firms in portfolio trading would love to convince clients to pay them between 12bp and 15bp for doing deals, arguing that

they will provide a better execution and ultimately a lower all-in cost. Good luck to them.

Not all institutions are...

...domestic shares, insurance companies in Europe could be hit hard by selling long-held domestic stocks. Pension funds in Europe often have trades union representatives among their trustees and these tend to dislike the idea of selling shares...

...that European equity flows in the first few months of 1999 may be disrupted, as trading and clearing systems struggle to cope with errors and reconciliation backlogs from the conversion to...client according to the broker's own cost of funds," points out an equity derivatives trader.

The swap approach

All the same, some business is being done. "We see increasing opportunities...

...Many equity firms, worried by the complexity of the changeover weekend, had decided to curtail trading from mid-December. A large number of institutions see a danger in retaining equity exposure...

...it and fear tracking error against it. Many are also concerned about the difficulty of executing large numbers of cash trades through unfamiliar stock exchange settlement systems during the early days of the euro. These institutions may well resort to taking initial exposure through derivatives, probably buying listed futures on national stock indices, and only later moving into the actual stocks.

The art, therefore, is to manage the transition from futures' exposure to cash-market exposure without inadvertently becoming underexposed or overexposed to market moves. Again, larger firms will bid to handle these so-called exchange-for-physical trades. "If a client has taken exposure with futures and wants to replace that exposure with cash, he can do so by simultaneously selling the futures to us and buying the stocks from us," says Steven Garnett, vice-president of international portfolio trading at Salomon Smith Barney. "We would charge him a fair value spread for this." Exchange-for-physical trades will increase, along with trading in futures on pan European indices.

What remains to be seen is how futures markets...

...each compiled several different indices, which divide in two ways. There are indices exclusively for stocks in the eurozone, and, more broadly, others for both the eurozone and the Emu-outs...

...the predominant benchmark of choice for investors in Europe to measure returns against. And futures trading against the few new indices that have contracts against them, is extremely thin: perhaps \$100...as Europe's pre-eminent benchmark: its S&P500 or Nikkei 225 equivalent. And futures trading against national indices should diminish and be replaced by trading in futures on one or more of the new Europe-wide indices. Which indices will...

...matter of considerable debate (see box on page 34).

But in the meantime, equity derivatives traders will not be idle. Retail investors in Europe are being pumped full of mutual funds...

...savings vehicles in which final pay-outs are linked to the performance of pan-European stock markets. The distributor of such products is usually a nationally recognized private bank or fund...

...buy a lot of cheap options and some deals promised investors a multiple of European stock market performance - say 150% - over the three-to-five-year life of the bond. Deals...

...hedge a derivatives structure based on the Stoxx 50, which comprises only 50 large-cap stocks across Europe, than one based on several broad national indices with between 50 and 100 stocks each. Derivatives firms have to hedge options and equity swap positions with actual shares, and would prefer to do so in a small number of highly liquid and readily financable stocks than in a broad number of sometimes thinly traded ones.

There are no central statistics for such retail-oriented deals. They have been popular...Deals have increasingly been structured where the end-investor sells put options on Europe-wide stock benchmarks. This creates investment with above-market interest rates - between 7% and 10% instead of...

...shares, not cash, at maturity. A deal might include a put at 80% of current stock market value. If at maturity, which can be in anything from one-to-five-years...

...especially selling put options, can be a high-risk strategy. The obvious danger is that stocks go into free fall, perhaps losing half their value, landing investors with a ...in puts at a high in-the-money strike price - for example 105% of current stock market value, but a very low knock-in price, such as 80%, of current value...  
...have a broader strategic view that enables them to sell puts with more comfort.

"Receiving stock might be a good asset-allocation mechanism for a European insurance company which is generally..."

...tactic for institutions seeking to transform portfolios may be to sell call options on domestic stocks they want to be rid of and sell put options on stocks they want to buy. That earns some premium income when options are particularly expensive.

And...

...Harvey, a director at Credit Suisse Financial Products. "They did not want to pick international stock portfolios themselves or hire active fund managers to do it for them. So they entered..."

...of payments perhaps based on 25% European market returns, 25% Japan returns and 50% US stock

market returns. The institution paid Libor in return. All it had to do was manage...  
...sector might reason that it already has an adequate diversification. So what if all its stock picks in the various sectors happen to be in one nationality? Why should a Dutch...don't get much risk reduction by investing outside the home market," says Sandy Ratray, executive director of equity derivatives research at Goldman Sachs. "Investing in other countries might have offered...  
...little oil exposure in the DAX. Some German investors have filled this gap with Shell stock, because the guilder and the Deutschmark have been locked together for several years. Dutch investors...  
...chance of finding domestic auto or chemical industry exposure and may seek it in German stocks.  
One final trend that may be accelerated by the euro and will feed substantial flows...

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